

110TH CONGRESS  
1ST SESSION

# S. 1872

To amend the Farm Security and Rural Investment Act of 2002 to make revenue counter-cyclical payments available to producers on a farm to ensure that the producers at least receive a minimum level of revenue from the production of a covered commodity, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 25, 2007

Mr. DURBIN (for himself and Mr. BROWN) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

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## A BILL

To amend the Farm Security and Rural Investment Act of 2002 to make revenue counter-cyclical payments available to producers on a farm to ensure that the producers at least receive a minimum level of revenue from the production of a covered commodity, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Farm Safety Net Im-  
5       provement Act of 2007”.

1 **SEC. 2. REVENUE COUNTER-CYCLICAL PROGRAM.**

2 Section 1104 of the Farm Security and Rural Invest-  
3 ment Act of 2002 (7 U.S.C. 7914) is amended to read  
4 as follows:

5 **“SEC. 1104. REVENUE COUNTER-CYCLICAL PROGRAM.**

6 “(a) IN GENERAL.—For each of the 2008 through  
7 2012 crop years for each covered commodity, the Sec-  
8 retary shall make revenue counter-cyclical payments avail-  
9 able to producers on a farm in a State for a crop year  
10 for a covered commodity if—

11 “(1) the actual State revenue from the crop  
12 year for the covered commodity in the State deter-  
13 mined under subsection (b); is less than

14 “(2) the revenue counter-cyclical program guar-  
15 antee for the crop year for the covered commodity  
16 in the State determined under subsection (c).

17 “(b) ACTUAL STATE REVENUE.—

18 “(1) IN GENERAL.—For purposes of subsection  
19 (a)(1), the amount of the actual State revenue for  
20 a crop year of a covered commodity shall equal the  
21 product obtained by multiplying—

22 “(A) the actual State yield for each plant-  
23 ed acre for the crop year for the covered com-  
24 modity determined under paragraph (2); and

1 “(B) the revenue counter-cyclical program  
2 harvest price for the crop year for the covered  
3 commodity determined under paragraph (3).

4 “(2) ACTUAL STATE YIELD.—For purposes of  
5 paragraph (1)(A) and subsection (c)(1)(A), the ac-  
6 tual State yield for each planted acre for a crop year  
7 for a covered commodity in a State shall equal—

8 “(A) the quantity of the covered com-  
9 modity that is produced in the State, and re-  
10 ported to the Secretary, during the crop year;  
11 divided by

12 “(B) the number of acres that are planted  
13 or considered planted to the covered commodity  
14 in the State, and reported to the Secretary,  
15 during the crop year.

16 “(3) REVENUE COUNTER-CYCLICAL PROGRAM  
17 HARVEST PRICE.—For purposes of paragraph  
18 (1)(B), the revenue counter-cyclical program harvest  
19 price for a crop year for a covered commodity shall  
20 equal the harvest price that is used to calculate rev-  
21 enue under revenue coverage plans that are offered  
22 for the crop year for the covered commodity under  
23 the Federal Crop Insurance Act (7 U.S.C. 1501 et  
24 seq.).

1       “(c) REVENUE COUNTER-CYCLICAL PROGRAM GUAR-  
2 ANTEE.—

3           “(1) IN GENERAL.—The revenue counter-cycli-  
4 cal program guarantee for a crop year for a covered  
5 commodity in a State shall equal 90 percent of the  
6 product obtained by multiplying—

7           “(A) the expected State yield for each  
8 planted acre for the crop year for the covered  
9 commodity in a State determined under para-  
10 graph (2); and

11          “(B) the revenue counter-cyclical program  
12 pre-planting price for the crop year for the cov-  
13 ered commodity determined under paragraph  
14 (3).

15       “(2) EXPECTED STATE YIELD.—

16           “(A) IN GENERAL.—For purposes of para-  
17 graph (1)(A), subject to subparagraph (B), the  
18 expected State yield for each planted acre for a  
19 crop year for a covered commodity in a State  
20 shall equal the projected yield for the crop year  
21 for the covered commodity in the State, based  
22 on a linear regression trend of the yield per  
23 acre planted to the covered commodity in the  
24 State during the 1980 through 2006 period

1 using National Agricultural Statistics Service  
2 data.

3 “(B) ASSIGNED YIELD.—If the Secretary  
4 cannot establish the expected State yield for  
5 each planted acre for a crop year for a covered  
6 commodity in a State in accordance with sub-  
7 paragraph (A), the Secretary shall assign an ex-  
8 pected State yield for each planted acre for the  
9 crop year for the covered commodity in the  
10 State on the basis of expected State yields for  
11 planted acres for the crop year for the covered  
12 commodity in similar States.

13 “(3) REVENUE COUNTER-CYCLICAL PROGRAM  
14 PRE-PLANTING PRICE.—

15 “(A) IN GENERAL.—For purposes of para-  
16 graph (1)(B), subject to subparagraph (B), the  
17 revenue counter-cyclical program pre-planting  
18 price for a crop year for a covered commodity  
19 shall equal the average price that is used to de-  
20 termine crop insurance guarantees for the crop  
21 year for the covered commodity under the Fed-  
22 eral Crop Insurance Act (7 U.S.C. 1501 et  
23 seq.) during the crop year and the preceding 2  
24 crop years.

1                   “(B) MINIMUM AND MAXIMUM PRICE.—

2                   The revenue counter-cyclical program pre-plant-  
3                   ing price for a crop year for a covered com-  
4                   modity under subparagraph (A) shall not de-  
5                   crease or increase more than 15 percent from  
6                   the pre-planting price for the preceding year.

7                   “(d) PAYMENT AMOUNT.—If revenue counter-cyclical  
8                   payments are required to be paid for any of the 2008  
9                   through 2012 crop years of a covered commodity, the  
10                  amount of the revenue counter-cyclical payment to be paid  
11                  to the producers on the farm for the crop year under this  
12                  section shall be equal to the product obtained by multi-  
13                  plying—

14                  “(1) the difference between—

15                         “(A) the revenue counter-cyclical program  
16                         guarantee for the crop year for the covered  
17                         commodity in the State determined under sub-  
18                         section (c); and

19                         “(B) the actual State revenue from the  
20                         crop year for the covered commodity in the  
21                         State determined under subsection (b);

22                  “(2) the acreage planted or considered planted  
23                  to the covered commodity for harvest on the farm in  
24                  the crop year;

25                  “(3) the quotient obtained by dividing—

1           “(A) the actual production history on the  
2           farm; by

3           “(B) the expected State yield for the crop  
4           year, as determined under subsection (c)(2);  
5           and

6           “(4) 90 percent.

7           “(e) RECOURSE LOANS.—For each of the 2008  
8           through 2012 crops of a covered commodity, the Secretary  
9           shall make available to producers on a farm recourse  
10          loans, as determined by the Secretary, on any production  
11          of the covered commodity.”.

12   **SEC. 3. IMPACT ON CROP INSURANCE PROGRAMS.**

13          (a) RATING.—

14               (1) IN GENERAL.—The Secretary of Agri-  
15          culture, acting through the Administrator of the  
16          Risk Management Agency shall carry out a study to  
17          identify such actions as are necessary to ensure, to  
18          the maximum extent practicable, that all policies and  
19          plans of insurance under the Federal Crop Insur-  
20          ance Act (7 U.S.C. 1501 et seq.) are properly rated  
21          to take into account a rebalancing of risk as a result  
22          of the enactment of this Act and the amendments  
23          made by this Act.

24               (2) IMPLEMENTATION.—Not later than 180  
25          days after the date of enactment of this Act, the

1 Secretary shall carry out the actions identified under  
2 paragraph (1).

3 (b) PREVENTION OF DUPLICATION.—The Adminis-  
4 trator of the Risk Management Agency and Administrator  
5 of the Farm Service Agency shall work together to ensure,  
6 to the maximum extent practicable, that producers on a  
7 farm are not compensated through the revenue counter-  
8 cyclical program established under section 1104 of the  
9 Farm Security and Rural Investment Act of 2002 (as  
10 amended by section 2) and under the Federal Crop Insur-  
11 ance Act (7 U.S.C. 1501 et seq.) for the same loss, includ-  
12 ing by reducing crop insurance indemnity payments by the  
13 amount of the revenue counter-cyclical payments.

14 **SEC. 4. CONFORMING AMENDMENTS.**

15 (a) Section 166(a) of the Federal Agriculture Im-  
16 provement and Reform Act of 1996 (7 U.S.C. 7286(a))  
17 is amended by striking “B and”.

18 (b) Section 1001 of the Farm Security and Rural In-  
19 vestment Act of 2002 (7 U.S.C. 7901) is amended—

20 (1) by striking paragraphs (3), (6), (8), and  
21 (15);

22 (2) by redesignating paragraphs (4), (5), (7),  
23 (9), (10), (11), (12), (13), (14), and (16) as para-  
24 graphs (3), (4), (5), (6), (7), (8), (9), (11), (12),  
25 and (13), respectively;

1 (3) in paragraph (7) (as so redesignated), by  
 2 striking “and counter-cyclical payments”;

3 (4) in paragraph (8) (as so redesignated)—

4 (A) in subparagraph (A), by striking “(A)  
 5 IN GENERAL.—”; and

6 (B) by striking subparagraph (B);

7 (5) by inserting after paragraph (9) (as so re-  
 8 designated) the following:

9 “(10) REVENUE COUNTER-CYCLICAL PAY-  
 10 MENTS.—The term ‘revenue counter-cyclical pay-  
 11 ments’ means a payment made to producers on a  
 12 farm under section 1104.”.

13 (c) The subtitle heading of subtitle A of title I of the  
 14 Farm Security and Rural Investment Act of 2002 (7  
 15 U.S.C. prec. 7911) is amended by inserting “**Revenue**”  
 16 before “**Counter-Cyclical**”.

17 (d) Section 1101 of the Farm Security and Rural In-  
 18 vestment Act of 2002 (7 U.S.C. 7911) is amended by  
 19 striking “and counter-cyclical payments” each place it ap-  
 20 pears in subsections (a)(1) and (e)(2).

21 (e) Section 1102 of the Farm Security and Rural In-  
 22 vestment Act of 2002 (7 U.S.C. 7912) is amended—

23 (1) in subsection (a), by striking “and counter-  
 24 cyclical payments”; and

25 (2) by striking subsection (e).

1 (f) Section 1103 of the Farm Security and Rural In-  
 2 vestment Act of 2002 (7 U.S.C. 7913) is amended by  
 3 striking “2007” each place it appears and inserting  
 4 “2012”.

5 (g) Section 1105 of the Farm Security and Rural In-  
 6 vestment Act of 2002 (7 U.S.C. 7915) is amended—

7 (1) in the section heading, by inserting “**REV-**  
 8 **ENUE**” before “**COUNTER-CYCLICAL**”; and

9 (2) by inserting “revenue” before “counter-cy-  
 10 clical” each place it appears.

11 (h) Subtitle B of title I of the Farm Security and  
 12 Rural Investment Act of 2002 (7 U.S.C. 7931 et seq.)  
 13 is repealed.

14 (i) Subtitles C through F of title I of the Farm Secu-  
 15 rity and Rural Investment Act of 2002 (7 U.S.C. 7951  
 16 et seq.) are amended by striking “2007” each place it ap-  
 17 pears and inserting “2012”.

18 (j) Section 1307(a)(6) of the Farm Security and  
 19 Rural Investment Act of 2002 (7 U.S.C. 7957)(a)(6)) is  
 20 amended in the first sentence by striking “2006” and in-  
 21 serting “2011”.

22 (k) Section 1601(d)(1) of the Farm Security and  
 23 Rural Investment Act of 2002 (7 U.S.C. 7991(d)(1)) is  
 24 amended by striking “and counter-cyclical payments

1 under subtitle A and subtitle C” and inserting “under sub-  
2 title A”.

3 (l) Section 1605 of the Farm Security and Rural In-  
4 vestment Act of 2002 (7 U.S.C. 7993) is repealed.

5 (m) Section 1615(2) of the Farm Security and Rural  
6 Investment Act of 2002 (7 U.S.C. 7998(2)) is amended—

7 (1) in subparagraph (B), by striking “Loan”  
8 and inserting “Covered”; and

9 (2) in subparagraph (C), by striking “loan” and  
10 inserting “covered”.

11 (n) Section 1001 of the Food Security Act of 1985  
12 (7 U.S.C. 1308) is amended—

13 (1) in subsection (c)(1), by inserting “revenue”  
14 before “counter-cyclical”; and

15 (2) in subsection (d)—

16 (A) by striking paragraph (1); and

17 (B) in paragraph (2)—

18 (i) by striking “(2) OTHER COMMOD-  
19 ITIES.—”;

20 (ii) in subparagraph (A), by striking  
21 “, wool, mohair, or honey under subtitle B  
22 or” and inserting “under subtitle”;

23 (iii) in subparagraph (B), by striking  
24 “, peanuts, wool, mohair, and honey under

1           those subtitles” and inserting “under that  
2           subtitle”; and

3                   (iv) by redesignating subparagraphs  
4           (A) and (B) as paragraphs (1) and (2), re-  
5           spectively, and indenting appropriately.

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